Drushti R. Desai
Registered Valuer

Address:
Bansi S. Mehta & Co.
Metro House, 3rd Floor,
M. G. Road, Dhobi Talao,
Mumbai – 400020

July 11, 2021

To,
Welspun Corp Limited
Welspun City, village Versamedi,
Taluka Anjar, District Kutch,
Gujarat- 370110

Kind Attention: Mr. Percy Birdy

Respected Sir,

I am in receipt of your email seeking my response to a query raised by NSE on my recommendation of ratio of allotment for the proposed demerger of Steel undertaking of Welspun Steel limited ("WSL") into Welspun Corp Limited ("WCL") vide my Valuation Report dated June 26, 2021 ("Report").

The query raised by NSE is reproduced hereunder for ready reference:

Kindly provide reason for not taking into account the market approach and Asset approach for valuation of CRPS in table below

In this regard, kindly note as under:

CRPS of WCL are not listed on any stock exchange. Further, it may herein be noted that as the terms of CRPS across companies (including coupon rate, tenure, credit rating etc.) are not comparable. Therefore, I have not considered the Market Approach to determine its value.

Cost approach/Asset approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). Since, what is required is valuation of preference shares which are being issued, this approach would not be relevant.

The value of preference shares is the present value of the dividend and redemption proceeds discounted at market yield. This could be classified under the Income Approach of valuation.

In view of the foregoing, I have tested the value of the preference shares of WSL. Considering the borrowing rate available to WCL and considering that the instruments proposed to be issued are short duration preference shares carrying coupon rate of 6%, the face value is considered to be the fair value of CRPS for the purpose of determining the share allotment ratio.

This letter should be read in conjunction with my report and the limitations mentioned therein. Any terms not defined in this letter shall derive their meaning from my Report.

Thanking you,

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Yours faithfully,

Drushti R. Desai.
Registered Valuer
Registration Number: IBBI/RV/06/2019/10666
Date: July 11, 2021
Place: Mumbai

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Strictly Private and Confidential

Date: July 10, 2021

The Company Secretary
Welspun Corp Limited
Welspun City
Versamedi, Anjar
Gujarat – 370110

Sub: <u>Recommendation of Share Entitlement Ratio for the proposed demerger of the Demerged Undertaking of Welspun Steel Limited into Welspun Corp Limited</u>

Dear Sirs,

1. We refer to:
   - Our Report Number RVA2122MTFAREP034 dated June 26, 2021 to recommend the Share Entitlement Ratio for the proposed demerger of the Demerged Undertaking of WSL into WCL; and
   - Your email dated 9 July 2021 attaching letter No: NSE/LIST/27541 dated 8 July 2021 from the National Stock Exchange of India Limited ("NSE Letter") and seeking our response to the point no. 8 of NSE Letter

2. Point no 8 of NSE letter is reproduced below

   "Valuation Report from a Registered Valuer as per Para I(A)(4) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and amendment thereof along with the Computation of Fair Share Exchange Ratio as mentioned in the format enclosed in Annexure A ***(Kindly provide reason for not taking into account the market approach and Asset approach for valuation of CRPS in table below)"***

3. Our Response to point no. 8 of NSE letter is as under:

   CRPS of WCL are not listed on any stock exchanges. Further, CRPS issued by the other companies may not be comparable with the CRPS of WCL in terms of the coupon rate, tenor, credit rating, etc. and, accordingly, their market price may not be comparable with CRPS of WCL. Considering the aforementioned, Market approach has not been adopted for valuation of the CRPS of WCL.

   Fair value of CRPS is primarily dependent upon its key terms, including, coupon rate, tenor, credit rating, etc. Considering the aforementioned, Asset approach has not been adopted for valuation of CRPS.

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Corporate Office: 1121, Solitaire Corp. Park, Chakala, Andheri Kurla Road, Andheri (E), Mumbai - 400 093 Tel: +91 22 6130 6000

RBSA VALUATION ADVISORS LLP

Accordingly, the valuation of CRPS of WCL has been carried out adopting the income approach considering *inter-alia* the coupon rate of CRPS, tenor of CRPS, borrowing rates of WCL, credit rating of WCL and other relevant factors.

This letter should be read in conjunction with our Report Number RVA2122MTFAREP034 dated June 26, 2021.

Thanking you

For RBSA Valuation Advisors LLP
(RVE No.: IBBI/RV-E/05/2019/110)

Ravishu Vinod Shah
Partner
Asset Class: Securities or Financial Assets
(RV No.: IBBI/RV/06/2020/12728)
Date: July 10, 2021
Place: Mumbai

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